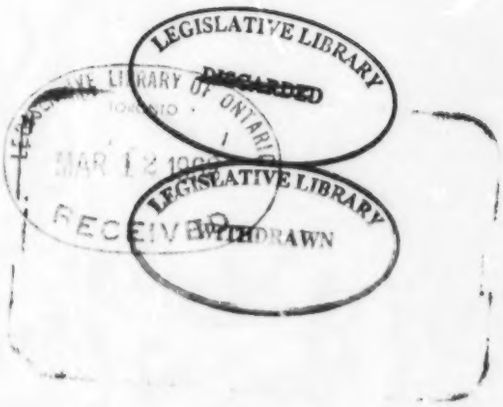
POST-SECONDARY EDUCATION COMMISSION



Current Level of Government Assistance for Universities, Colleges and Students

Fredericton, New Brunswick
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POST-SECONDARY EDUCATION COMMISSION

Subject: Current Level of Government Assistance for Universities, Colleges and Students

The matter of provincial government assistance for higher education has received widespread public discussion and debate in recent weeks. Unfortunately some of the statements which have been made reflect serious misunderstandings and inaccurate information. A few seem to appeal mainly to emotion and prejudice.

The Post-Secondary Education Commission believes that the future of higher education in the Province will only be secure as long as public policy in this field is based upon the results of objective analysis and impartial study. We therefore feel that it is essential to attempt to place certain issues in their proper perspective.

This report is concerned with three separate, but related subjects:

1) The role of the Post-Secondary Education Commission,
2) Government Assistance for Universities and Colleges,
3) The Needs for Student Aid.

1. The Role of the Post-Secondary Education Commission

The Post-Secondary Education Commission is a new public agency which has been established by the legislature to assist and guide the future growth and development of the various forms of post-secondary education so as best to meet the needs of all of the people of New Brunswick.

The establishment of this Commission was proposed by the Deutsch Committee on the Financing of Higher Education in its report of February, 1967. The Commission's basic objects and purposes are set out in the Post-Secondary Education Act as follows:

"(a) to advise the Lieutenant-Governor in Council and the Legislature with respect to the needs and the appropriate pattern of future development of all forms of post-secondary education in New Brunswick, including, without restricting the

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generality of the foregoing, universities, colleges, teachers' colleges and technical schools;

(b) to plan, in consultation with the institutions concerned, the future organization and co-ordinated development of the various forms of post-secondary education in New Brunswick in order to meet the expanding needs of the population of the Province;

(c) to study and advise the Lieutenant-Governor in Council and the Legislature with respect to the types and amounts of financial assistance required for the proper development of post-secondary education, with due regard for the Province's resources and their most efficient use;

(d) to consider the needs for student aid and to recommend appropriate programmes of government assistance for this purpose; and

(e) to publish such reports and studies as it sees fit."

The Commission is also responsible for the actual payment of the government's operating and capital grants to post-secondary education institutions, once these have been approved and the necessary funds authorized.

The Commission consists of a full-time chairman and eight other members drawn from the fields of post-secondary education, business, labour and the professions. It has the authority to employ its own staff and to carry out its work in an independent way.

The Commission held its first meeting on October 5th, 1967. It set to work immediately to deal with necessary organizational matters. It has now held four meetings. Recommendations have been submitted to the government on a number of matters, and the Commission has launched an important series of studies to guide its future work.

In view of the provisions of the Post-Secondary Education Act, we believe that it is essential for the proper functioning of the Commission that the government first consider its advice <u>before</u> making commitments in the areas which are within

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the Commission's terms of reference. Furthermore, the Commission believes that it should give its advice only after there has been opportunity for adequate study and discussion.

The government has indicated that it concurs in these views. In a letter dated October 27th, 1967, the Premier advised the Commission as follows: "we intend that all such matters shall come before the government after being scrutinized by the Commission, whose recommendations will then guide government action." Only the government can take responsibility for the final decisions which are made. However, this responsibility cannot be exercised effectively if some institutions or groups attempt to bypass the agency which the legislature has created to give independent advice in this important area of public policy.

2. Government Assistance for Universities and Colleges

Since 1961-62, the structure of higher education in the Province has been based essentially upon the following recommendations of the Royal Commission on Higher Education:

a) Establishment of the University of Moncton as the sole degree-granting French-language university, which provides for studies of an advanced, professional, and specialized nature, supported by a network of three main affiliated colleges, College St-Joseph, College de Bathurst, and College St-Louis, which are continuing to develop their programmes of basic undergraduate education in arts;

b) Further development of the University of New Brunswick and particularly its facilities for advanced, specialized and professional studies;

c) Federation of St. Thomas University with the University of New Brunswick, and transfer of the operations of St. Thomas to the University of New Brunswick campus in Fredericton where it has access to the basic physical facilities and other services available there;

d) The establishment of a permanent branch of the University of New Brunswick in Saint John to offer immediately

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the full first two years of the University's regular degree programmes in arts and science, with further development as justified by requirements and the availability of adequate resources; and

e) Continuation, for the forseeable future of the announced policy of Mount Allison University to develop as an undergraduate liberal arts college of limited enrolment.

In February, 1967, the Deutsch Committee made specific recommendations as to the level of operating and capital assistance which the government should provide to the province's universities and colleges for the 1967-68 and 1968-69 academic years. It was that Committee's intention that the new Post-Secondary Education Commission should be established in time to carry out the large amount of study necessary to recommend a suitable level of government assistance for all forms of post-secondary education for 1969-70 and subsequent years. It suggested that the Commission's first recommendations should be submitted by November, 1968. (Additional details of the Deutsch Committee's recommendations on these particular matters are included in Appendix A.)

Under the Deutsch formula, total operating assistance for 1968-69 will amount to $11½ million, an increase of about $2 million over the 1967-68 level. On average, the grant per eligible student should rise by 12% to roughly $1,400. This was the Deutsch Committee's judgment of what would constitute a reasonable level for provincial government grants:

Government Operating Grants for Universities and Colleges in New Brunswick

Academic Year	Total Enrolment		Total Operating Grants	
	No.	Index	Amount	Index
1964-65	5,812	100	$3,635,560	100
1965-66	6,404	110	4,092,440	113
1966-67	6,878	118	6,706,508*	184
1967-68	7,795	134	9,414,000	259
1968-69(projected eligible enrolment)	8,261	142	11,583,800	317

* Excludes special grants amounting to $336,131 which the Commission has paid in respect of an unforeseeable "short-fall" in federal operating grants for 1966-67.

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The Commission endorsed the Deutsch Committee's recommendations on operating grants at its meeting on November 18th, 1967. They were approved by the government on November 22nd, 1967.

The Commission also decided at an early stage that it should adhere strictly to the use of formula financing for the allocation and distribution of operating assistance between institutions in the province. In favoring the formula approach, the Commission had in mind the following considerations:

(a) There must be a reasonable compromise between the needs and desires of higher education and the Province's ability to pay.

(b) While the total level of government assistance is a critical factor, it is also necessary to ensure an equitable, reasonable and automatic distribution of this amount among the institutions concerned.

(c) Given adequate advance notice of the grants they will receive, the Province's institutions should be able to arrange their affairs, and determine their own internal priorities, in order to achieve the greatest possible efficiency and to avoid resorting to deficit financing. In short, the formula system has built-in incentives for effective management.

(d) Every effort should be made to avoid involving government in the detailed management of the internal affairs of the Province's universities and colleges.

(e) The formula approach maintains incentives for institutions to seek out other suitable sources of income. The Commission recognizes that because of this factor, there may continue to be variations in actual expenditure levels by the various institutions, apart from those arising solely from differences in basic academic programmes and government grants.

(f) The Commission recognizes that there is no reason to believe that every aspect of a particular formula will continue to be adequate for all time. It will, therefore, be giving careful and continuing study to this matter when it comes to develop its recommendations concerning operating support for

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1969-70 and subsequent years.

In summary, the government's responsibility under the formula system is to ensure that the Province's universities and colleges receive a proper level of public support, and that the grants are distributed fairly among them. However, the total budget for any particular university is something which that institution must determine for itself. Ultimately, the only alternatives to this system of administrative responsibility are detailed government control of university budgets, or a public willingness to issue a blank cheque for whatever amount institutions may choose to spend.

The principles of formula financing have been widely and strongly endorsed within the university community and by the provincial government. The members of the Commission hope that the formula approach will provide a sound and effective basis for the future development of the Province's universities and colleges.

The Commission recognizes that even if the distribution of government operating grants is fair, it is still possible that their over-all level can be too low. If so, the proper way to correct such a situation would be to increase the total amount for distribution by the formula - rather than by giving individual grants. There should be no special deals.

The Deutsch Committee was very much aware of the problems which institutions in New Brunswick encounter through rising price levels and in competing for scarce academic staff in the national and international markets which exist today. An allowance was made for this in the Committee's proposed grant structure. The Post-Secondary Education Commission is not prepared at this time to recommend additional assistance for operating or capital purposes. However, we have received submissions from some institutions, including the University of New Brunswick and the University of Moncton, which seek a further increase in assistance for 1968-69. These briefs will be considered carefully.

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One further matter should be emphasized. The development of the University of Moncton to date has been made possible through public funds. The goal has been to assist the University to develop proper facilities for higher education for the French-speaking people of the Province. It is intended that the University receive provincial support on the scale required. In 1961-62, operating grants to French-language institutions amounted to less than $300,000. This year the figure will be $2½ million. Total payments and commitments for capital assistance have amounted to $9.4 million since 1961-62. These amounts were approved following analysis of submissions from each of the institutions concerned. Particular attention has been given to the special needs of the University of Moncton as an emerging university. Of the total of $6 million which the University is receiving in capital assistance for 1967-68 and 1968-69, $4 million is being paid as a special installation grant to retire debts incurred to provide initial facilities. The Commission has also recognized that the University has certain other outstanding bonds which, because of the premium required, it is not desirable to retire at this stage. Some additional capital assistance will have to be given when the time comes to redeem these particular issues.

There is no discrimination between institutions in the province. The policy is to provide each with a level of assistance appropriate to its activities and stage of development. At the moment, operating grants per student for university courses at the University of Moncton are one-third higher than grants for the University of New Brunswick. This takes account of the small student numbers at this early stage in Moncton's development. Costs per student should move closer to those at other institutions as enrolment rises in the years ahead.

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OPERATING GRANTS TO PROVINCIAL INSTITUTIONS
1965-66, 1966-67 and 1967-68

Institution	Amount Per Full-Time Student Enrolled			1967-68 Yield for Each Eligible Student Enrolled
	1965-66	1966-67	1967-68	
University of New Brunswick	$ 722	$1,089	$1,350	$1,456
Saint Thomas University	499	770	592	600
Mount Allison University	424	785	908	908
Total, English-language institutions	$ 631	$ 992	$1,186	$1,250
University of Moncton (including affiliates)	$ 663	$1,125	$1,271	$1,337
University courses	872	1,397	1,819	2,055
College St-Joseph	567	816	936	947
College St-Louis	561	981	931	931
College de Bathurst	505	1,212	950	959
College Jesus-Marie	n/a	795	593	600
PROVINCIAL AVERAGE	$ 639	$1,023	$1,207	$1,272

NOTE: For 1965-66 and 1966-67 the grant yield is calculated on the sum of both federal and provincial operating grants. In those years the levels of the two grants were determined independently of each other. For 1967-68 all grants are provincial operating grants.

The figures for 1966-67 also incorporate the special provincial grant paid in respect of the "short-fall" in federal operating grants for that year.

Grants for College Jesus-Marie are paid at government direction. Both the Royal Commission on Higher Education (1962) and the Committee on the Financing of Higher Education (1967) concluded that it was not feasible or economical to attempt to provide adequate separate college facilities at that location.

The Commission recognizes that the Province's universities and colleges will have to develop very quickly in the years ahead. The costs of this development will be very high.

According to the latest projections, the University of Moncton -- including its affiliated colleges -- should reach the present enrolment of the University of New Brunswick by 1975-76. There will then be about 3,000 students on the Moncton campus. U.N.B. on the other hand, could be about as large as Queen's or Waterloo is now, with an enrolment in Fredericton of more than 6,000. Its Saint John branch should have at least 1,000 students. There will be another 1,000 students enrolled at St. Thomas University. At the same time, Mount Allison proposes to continue its policy of development as an undergraduate liberal arts college of limited enrolment.

It is obvious that this will require adequate study and careful planning if the province's resources are to be used efficiently and effectively. It will be essential to give adequate consideration to all of the implications of development goals and policies. Greater attention will have to be given to achieving a proper balance between university courses and other types of advanced education and training. In the end, the Commission -- and no one institution -- must take the responsibility for advising the government on the appropriate over-all pattern for the future development of post-secondary education. The Commission will have to assess which types of institutions and which fields of study should be developed, and how quickly. In order to do this effectively, it needs to carry out its own studies and to develop criteria for evaluating alternatives and for determining suitable priorities and timing.

The gap between the desirable and the possible, and the need to set priorities, will continue to be the major challenge in the years ahead. There may, for example, be a choice between providing programmes inside the province or arranging to send the province's students elsewhere. It is clear that there will always be some courses that will be too expensive for

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provincial institutions to undertake and maintain solely on the basis of the relatively small number of New Brunswick students who wish to follow such studies. This may require the development of suitable cooperative efforts with other jurisdictions. At present, this is the case with medical and dental students. At the same time, there will always be pressure to begin new courses in the province -- or in some particular locality -- and this pressure will always be greater when the opportunities to study elsewhere are restricted.

The Commission believes that we should be prepared to undertake inside the province -- or at any particular location -- only those programmes where costs are reasonable, the necessary resources are available, and adequate quality can be maintained. But we need also to ensure that suitable arrangements are made for those students who must go elsewhere.

3. The Needs for Student Aid

Few would disagree that the first objective of government student aid programmes should be to eliminate those financial barriers which prevent access to post-secondary education. The problem is to find the most effective means to reach this goal.

For this, it is important to distinguish between simply making it easier to go to university, and making it possible for those who could not otherwise attend. No matter how desirable the former, the more urgent task is to knock down those financial barriers which keep out those who are capable, qualified and interested in university and college studies.

Also it is important to identify and attack the other barriers which exist. For example, close to 40 per cent of the Province's college-age population is French-speaking, but fewer than 30 per cent of the students come from this group. Some have suggested that lower incomes alone account for this gap. It is clear, however, that there is a similar disparity at the high school level. Until it is overcome it would be unrealistic to

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expect that even unlimited financial aid for post-secondary studies could by itself raise the participation rate for French-speaking students to that for English-speaking students. The money would be better spent at improving programmes and opportunities at the high school level. Indeed, a special study conducted by the Macaulay Committee has concluded that because of other limitations which are very important at the present time, including the numbers of students likely to complete high school and the time needed to expand facilities, the removal of all financial obstacles at the post-secondary level would increase the number of New Brunswick students by a relatively small percentage in the early stages, although by increasing amounts in the future.

Government is already doing a great deal to provide student aid. This year, approximately 5,500 New Brunswick students have received total assistance for $4.8 million.

However, surprisingly little is known of either the distribution or the effects of aid to students, either in New Brunswick or in the country. Much more information on these matters should be available within the next few months. The Association of Universities and Colleges of Canada expects soon to publish a national study of factors which influence accessibility to higher education, including social and cultural as well as financial factors. The Post-Secondary Education Commission has also undertaken a study of the various factors affecting access to higher education and of the adequacy of existing programmes of student aid here in New Brunswick. Some of the student organizations in the Province have indicated an intention to assemble information: ACTIONS stated in February that it hopes to submit a brief on the financial needs of New Brunswick's post-secondary students by the end of March.

In the meantime a few general observations can be made. The Canada Student Loans plan permits a student at a university, teachers' college, technical school or other designated post-secondary institution to borrow up to $1,000 a year, to a total of $5,000. Repayment and interest begin only after the student

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leaves school. The loans are based on a statement of need.

New Brunswick does not supplement the aid given by Canada Student Loans to the extent that some other provinces do. Newfoundland provides free university tuition and some cash allowances. Nova Scotia and Ontario both grant non-repayable bursaries in combination with the Canada Student Loans. In comparison, New Brunswick concentrates its non-repayable assistance almost exclusively on first-year university students (although there is also such aid for some post-graduate university students). All first-year university students with honours on their departmental examinations receive a provincial scholarship of $200. First-year university students eligible for a Canada Student Loan may, after borrowing $500, receive up to $700 (depending on an assessment of their needs) in a non-repayable bursary from the Province. The programme for first-year students reflects the belief that the most difficult problem is to encourage qualified high-school graduates of limited means to proceed to higher education.

Despite these limitations, the province's own expenditures in 1967-68 (to February 20, 1968) amounted to:

Entrance scholarships	$ 76,200
First-year bursaries	490,800
Post-graduate grants	30,000
TOTAL	$ 597,000

It may be that New Brunswick's interpretation of student need as indicated in each student's application for a Canada Student Loan has been more generous than that in some other provinces. In Ontario, for example, considerable complaint has arisen in connection with the high level of parental support for students which is assumed or required by the loan administrators. New Brunswick's approach, if actually more lenient, would enable a student to borrow more. It can, however, be a disservice to encourage students to borrow more than they need. The student may subsequently be unable or unwilling to repay the loan. New Brunswick has had some problems with its own past loan programs: between

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$1.3 and $1.5 million is currently due to the Province and unpaid. Although some of this may be uncollectable, we believe that much more stringent collection efforts are called for against the substantial numbers who have not made any serious effort at repayment. The present backlog discriminates unjustly against those who have met their obligations and encourages others to believe that they are free to convert what is intended as a loan into a grant.

The information now at hand does not suggest that the current ceiling of $1,000 per year for Canada Student Loans is necessarily too low. Almost half of the students who borrowed in 1967-68 have taken up the maximum. However, it has been suggested that at least some students may have borrowed the full $1,000 because that is what is available. If the loans reflected only need, one would expect the number of borrowers to increase more or less regularly with the size of loan (i.e. a normal distribution) but this did not happen:

Estimated Distribution of Student Loans and Bursaries, New Brunswick Students, 1967-68

AMOUNT	NO. OF STUDENTS	PERCENT OF TOTAL
100	1	.0
200	65	1.2
300	146	2.7
400	173	3.2
500	406	7.4
600	312	5.7
700	428	7.8
800	681	12.4
900	280	5.1
1,000	2,646	48.4
1,100	40	.7
1,200	294	5.4
	5,472	100.0

Source: Data from the Department of Youth for awards made to February 9, 1968

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Despite the fee increases which have been announced for some students for next year, it does not seem likely that student costs have risen so much faster than incomes that financial pressures on students will be substantially greater next year. The new tuition fees at the University of Moncton will still be slightly below those at the University of New Brunswick and Mount Allison. In any case, tuition accounts for only about one-third of the average student's expenditures during the academic year. The total cost of such items as books, clothing, room and board, travel, recreation and so forth can be much higher than tuition. For example, students at Teachers' College pay no tuition, but relatively more of them borrow than is the case for university students.

The annual cash cost for a university student living away from home is now estimated at between $1,600 and $2,000, the last being a high estimate. Up to $1,000 may be borrowed under the Canada Student Loan plan, and almost every student has access to some money from family or some money from summer earnings or both. The province now provides scholarships and grants for many first-year students. Certain other students receive private scholarships, loans and bursaries. In our studies we will have to give special attention to finding the most effective way to identify and assist those who cannot raise enough money through these other sources or for whom any rise in costs could make it impossible to continue their studies. We are also disturbed by reports that opportunities for summer employment at adequate pay may not be as plentiful this year as in the recent past.

What many students are protesting, however, is not the shortage of assistance, but the fact that most of it is in the form of loans rather than non-repayable grants. The demand for universal free tuition and more generous bursaries reflects this. But however desirable free tuition may be eventually, it is not considered feasible at this point. In the next academic year, it would cost between $3 and $4 million over and above the

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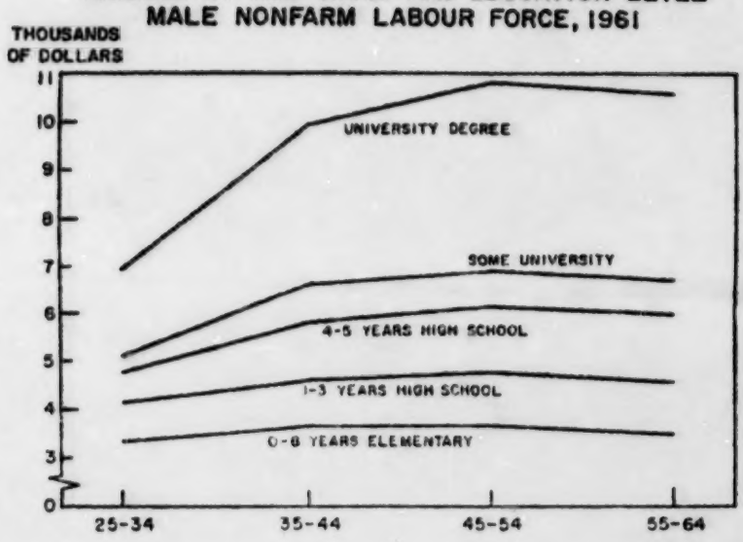
amount of $11½ million which the province's universities and colleges are to receive as operating subsidies. In other words, government expenditures would have to rise by that much before the universities received one extra dollar or one more student was enrolled. Society needs more educated and trained people if it is to meet its goals, and the shortage of skills is particularly acute in New Brunswick. However, in a province where resources are limited and other needs so great, we do not feel that we could propose free university tuition as a high-priority objective. As the chart below shows, most university students gain a very considerable financial reward in exchange for their investment of time and money. Not only does the average university graduate earn more at an early age, his relative position becomes even more favourable as he gains in experience and skill.

INCOMES BY AGE GROUP AND EDUCATION LEVEL
MALE NONFARM LABOUR FORCE, 1961



No one can claim that the existing program of student aid is perfect. The needs of individual students must be assessed as accurately as possible, loans and bursaries must be provided in the most effective proportions, and loans must be collected with sufficient vigour. The studies now being conducted by the Commission -- studies which we hope will be aided by submissions from student groups -- may well produce recommendations for changes. In conducting its studies, the Commission will of course give its first priority to examining what changes should and could be made to take effect for the 1968-69 academic year.

APPENDIX A

EXTRACT FROM THE REPORT OF THE DEUTSCH COMMITTEE ON THE FINANCING OF HIGHER EDUCATION SUBMITTED TO THE GOVERNMENT IN FEBRUARY, 1967

Provincial Government Assistance for Universities and Colleges in 1967-68 and 1968-69

In 1961-62, the Royal Commission recommended a structure of grants which has provided the basis of provincial government financial support for the Province's universities and colleges over the five academic years from 1962-63 to 1966-67. We continue to believe that it is desirable for the provincial government to indicate as far ahead as possible the amount of government assistance which it will make available for the purposes of higher education. However, under the new federal-provincial arrangements, grants distributed by the provincial governments will have to account for a much larger part of total university and college expenditures, and they will therefore have a much more critical and direct effect on the financial condition of these institutions. Because of this, and because of the dynamic growth and development which will be necessary over the next few years, we do not think that it would be feasible at this time to attempt to recommend a scheme of grants for a full five-year period. In addition, we would not want to tie the hands of the proposed new Commission to a particular formula before it has an opportunity to begin its work. We are consequently making specific recommendations for grants to universities and colleges for the 1967-68 and 1968-69 academic years only, with the intention that the new Commission should be established in time to carry out the large amount of study necessary to recommend a suitable level of government assistance for all forms of post-secondary education for 1969-70 and subsequent years. We believe that the Commission should be asked to submit its first recommendations in this area no later than November 1, 1968.

Our study has indicated that a large increase in total

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assistance for both operating and capital purposes is now urgently necessary if the Province's universities and colleges are to catch up with the heavy backlog of requirements built up in recent years and at the same time expand and improve their programmes to meet adequately the needs of the growing numbers of New Brunswick students who are expected to come forward in the immediate future. Roughly speaking, the present circumstances indicate that it will be necessary to double the level of government assistance for 1967-68 and to make a further significant increase for 1968-69. Our detailed recommendations for grants for these two academic years are as follows:

A. Operating Assistance

(1) Annual fixed grants for 1967-68 and 1968-69 in respect of basic academic services, as follows:

University of New Brunswick, (including St. Thomas)	$3,200,000
Mount Allison University	400,000
University of Moncton	1,000,000
College St-Joseph	125,000
College de Bathurst	125,000
College St-Louis	125,000
	$4,975,000

(2) The following annual grants in regard to each student enrolled in regular full-time study toward university degrees (except degrees in theology) at the University of New Brunswick, St. Thomas University, Mount Allison University and the University of Moncton, including students enrolled at branches and affiliated colleges:

Academic Year	Grant per Student Enrolled for Full-Time Study
1967-68	$600
1968-69	800

For each of these years, the number of stu-

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dents eligible to be counted for grants should be the sum of (a) the actual total enrolment of New Brunswick residents, plus (b) other students enrolled not in excess of the number of such students who were enrolled at that institution during the 1966-67 academic year.

In the case of the University of Moncton and its three affiliated colleges of St-Joseph, Bathurst and St-Louis, the University should apply for and collect these per-student grants and distribute to each affiliated college the amounts received on behalf of its students, including those at affiliated girls' institutions, on the same basis as granted and without unreasonable delay.

B. Capital Assistance

Flat grants in regard to the provision of academic, administrative and general campus services, in the following total amounts for 1967-68 and 1968-69:

	Total for 1967-68 and 1968-69
University of New Brunswick (including Fredericton and Saint John)	12,000,000
St. Thomas University	600,000
Mount Allison University	1,000,000
University of Moncton	6,000,000
College St-Joseph	600,000
College St-Louis	600,000
	$20,800,000

We have not attempted to recommend an exact timing for the payment of this capital assistance. However, it may well be desirable to issue these grants in two equal instalments upon presentation of programmes showing the intended use of the money; the first early in the 1967-68 academic year and the second during 1968-69.

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C. We have estimated that the total cost of operating and capital assistance recommended in (A) and (B) will be as follows:

	1967-68	1968-69
Operating assistance	9,470	11,415
Capital assistance	10,400	10,400
Total	19,870	21,815

The recommended operating assistance would replace the separate federal and provincial grant programmes operated in previous years. The total amount available from these two sources was about $7 million for the 1966-67 academic year. The value of accumulated eligibility for provincial government capital assistance increased by $1.1 million annually between 1962-63 and 1966-67, and it is estimated that actual payments to universities and colleges will amount to about $2.7 million during 1966-67.

The flat grants which have been recommended for operating purposes are intended to reflect necessary differences in the overhead costs of basic academic services which various institutions are expected to provide. The substantial grants for the University of New Brunswick and the University of Moncton consequently take particular account of the expensive basic plant and services required for scientific, professional, postgraduate and other specialized programmes at these institutions. In the case of St. Thomas University, this institution is now able, at its new location in Fredericton, to take advantage of many facilities and services which the University of New Brunswick must maintain for its own programmes, and it is understood that the continuing development of co-operative arrangements between these two institutions will allow St. Thomas to provide adequately for the basic academic services which it will require during the years immediately ahead. We have therefore not recommended a flat grant for St. Thomas, but have had this arrangement in mind in arriving

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at the grant recommended for the University of New Brunswick. The latter amount also takes account of the University's responsibilities in regard to the emerging operations of its Saint John branch, and we do not consider that further special operating grants should be made for this part of the University's operations.

The situation of College St-Joseph differs significantly from that of St. Thomas. Although this institution is located on the University of Moncton campus and is thereby in a position to utilize a number of services operated by the University, the College must itself carry out a number of activities for its basic undergraduate programme in arts for both male and female students which have no counterpart in the University's more advanced and specialized work. We have consequently recommended that this College receive the same flat grant as the University's other affiliates, College de Bathurst and College St-Louis. The basic amounts recommended for these latter institutions also reflect the arrangements which they have to maintain basic academic facilities for students enrolled in their affiliated girls' colleges. In cases where the parent college also provides the actual instruction, arrangements should be made for the affiliated girls' college to contribute an appropriate amount to support the cost of these additional services.

The per-student grants are designed to provide additional resources both to support the growing enrolments of New Brunswick students which must be expected over the next two years and to allow for some improvement in the quality of their instructional programmes during a period when the costs of maintaining even existing standards are likely to continue to rise to some degree. In this regard, we think that it is of the utmost importance for the various institutions to review their academic salary schedules with the objective of bringing these more closely in line with current competitive conditions, particularly for the most senior and best qualified teachers.

Although the percentage of outside students enrolled at New Brunswick institutions has declined substantially over

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the past five years, it remains the highest in Canada and is several times the Canadian average. In view of the much heavier requirements which the Province must carry to provide adequately for its own students, we have concluded that it would not be feasible at this time to recommend higher provincial government assistance in regard to these students beyond the number currently enrolled.

As emphasized earlier, the University of Moncton is now in a very critical financial position and must attach the highest priority to putting the administration of its finances on an adequate footing for future development in line with its obligations to carry out instructional programmes of a professional, advanced and specialized nature for the Province's French-speaking students. The University currently has a number of very large debts, arising mainly from the recent construction of facilities which will serve as the basis for accommodating the much larger enrolments expected in the years ahead. We understand that there will not be much need for the University to finance further buildings for academic, administrative and general campus purposes over the next two years, and the main requirement at this time is to retire the existing debts which cannot be carried forward indefinitely. We therefore expect that the larger part of the capital assistance recommended for the University will be used for this purpose. While the proposed assistance is intended essentially for the purpose of debt retirement, we have also had in mind that the University does have some long-term bonds outstanding which, because of the premium required, it does not seem desirable to retire at this stage. Some additional assistance will therefore have to be extended when the time arises to redeem those particular issues.

The capital assistance recommended for other institutions is generally based upon the immediate needs which they have indicated to improve and expand academic, administrative and general campus facilities. In this regard, College de Bathurst has advised us that they do not need to carry out further construction of projects in this category prior to 1969-70. In

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the case of College St-Louis, we have included in our recommended grant of $600,000 the unused eligibility for capital assistance of $300,000 which this institution has accumulated since 1962-63. The assistance being proposed for the University of New Brunswick allows specifically for the University to proceed with construction of the initial three permanent buildings for its Saint John branch, as well as to help meet its current financial commitments and carry out the improved facilities which it has undertaken to provide at its Fredericton campus over the next two years.

We believe that the assistance recommended will provide a realistic level of government support for 1967-68 and 1968-69, and we do not consider that it should be necessary to grant additional amounts in regard to those two years. However, we have been concerned with the rising losses which a number of institutions have incurred on their ancillary enterprises, most notably student residences and food services, which are not part of regular instructional programmes. We have examined the feasibility of recommending special assistance in regard to these activities, but have not been able to discover a basis for such assistance which would stand the test of equity either between institutions or among students at the same institution. As we pointed out earlier, losses on ancillary enterprises most frequently arise from services provided to only a portion of total enrolment, and as they are currently organized there does not seem to be any necessary relationship between the losses incurred and the financial needs of the students making use of them. There also does not appear to be a consistent relationship among the variety or quality of the ancillary services which are provided at the various institutions. In the circumstances, we consider that the only feasible -- and fair -- course for the institutions concerned is to make every effort to place their ancillary activities on a reasonably self-sustaining basis, and that improved measures of student aid should be used to assist students who must make use of these services but cannot afford to pay the required charges. Otherwise, it will be very difficult indeed

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to prevent these activities from becoming a haphazard but increasingly significant drain on the resources which the Province's institutions require to support adequate academic programmes and standards.

D. Other Recommendations

(1) Completion of payment of the remaining amounts owing to St. Thomas University under the recommendations of the Royal Commission on Higher Education for the provincial government to purchase the former Chatham facilities of St. Thomas and pay other special transitional assistance associated with transfer of the University to Fredericton. The total amount recommended for the purpose was $875,000, at the rate of $175,000 per year. We understand that the amount still to be paid is $350,000.

(2) No other payments should be made in regard to amounts of assistance available for the academic years 1962-63 through 1966-67 which are not claimed by June 30, 1967.